Roll No. | | | | | | | | | | | | Total No. of Pages: 03

Total No. of Questions: 10

Master of Commerce (Sem. – 2)

INDIAN FINANCIAL SYSTEM

M Code: 75931

Subject Code: MCOP-201-18

M.Code : 75931

Date of Examination:12-12-2022

Time: 3 Hrs. **Max. Marks: 60**

INSTRUCTIONS TO CANDIDATES:

1. **SECTION-A is COMPULSORY consisting of EIGHT questions carrying TWO marks each.**
2. **SECTIONS-B consists of FOUR Sub-sections : Units-I, II, III & IV. Student has to attempt any ONE question from each Sub-section carrying EIGHT marks each.**
3. **SECTION-C is COMPULSORY, consists of a Case Study carrying TWELVE marks.**

StudentSuvidha.com
downloaded from

SECTION A

1. Write briefly:

   a) Define the term financial tax reforms.

   b) Distinguish between banks and non banking finance companies.

   c) Distinguish between primary and secondary market.

   d) What do you mean by certificate of deposits?

   e) Explain the term merchant bankers.

   f) Explain the term hire purchase system.

   g) Distinguish between debt and equity.

   h) Explain the term depositories.

SECTION B

UNIT I

2. Discuss the institutional framework of the financial systemin India.

3. Critically examine the structure and performance of the Indian financial system.

Download all NOTES and PAPERS at StudentSuvidha.com

UNIT II

4. 'Non banking finance companies are offering services which are complementary to banking activities. Explain this statement with example.

5. What are the role and functions of insurance business? Explain the use of insurance as a risk management tool.

UNIT III

6. Differentiate between commercial papers and certificate of deposits and explain how these products could be used for enhancing the returns.

7. 'Stock exchanges are the barometers of economy.' Critically examine the functioning of the stock exchanges in India.

UNIT IV

8. Explain the control mechanism instituted by SEBI for regulating the merchant banking activities in India.

9. Explain the term leasing. Distinguish leasing from hire purchase system.

SECTION C

10. Read the case study carefully and answer the question given at the end

While the equity market is rather unpredictable at this time, debt and money markets have become a more attractive proposition for investors.

Mutual funds, capitalising on the same, are turning to capital protection funds, which provide both the security of being invested in fixed income instruments along with the higher-returns-potential of the equity side of investment.

UTI, SBI, Sundaram, IDFC, Franklin Templeton are some of the fund houses that have

Launched capital protection funds.

"These are for investors who are conservative and prefer their investments to be in the form of bank deposits. There is potential upside and virtually no downside to these funds. But there is no guarantee of capital protection here," said Mr Dhirendra Kumar, Chief Executive Officer Value Research. A capital protection fund is a close-ended fund which invests 80 per cent of its corpus in fixed income securities such as corporate bond papers, government securities and other money market instruments. The rest of its corpus - 20 per cent - will be in equities.

At the end of the fund's tenure, the capital invested is protected through returns from fixed income securities while the returns on the investment itself would be from the equity investments of the fund.

Capital Guarantee

"The capital guarantee is done via investments in high quality debt paper, said Mr. Dwijendra Srivastava, Head-Fixed Income. Sundaram Mutual, whose fund house plans to launch 12 more

StudentSuvidha.com
downloaded from
Download all NOTES and PAPERS at StudentSuvidha.com

capital protection funds in the next 16-18 months. "Also, these funds are structured in such a manner that investors cannot exit before the end of the tenure.

After 2008, fixed income as an asset class has become more popular with investors.

"The capital protection fund is an investor need. These funds are not meant for super HNIs or informed investors. The fund is for those who are averse to losing capital and want to stay invested for the long haul," said Mr Srivastava

With redemption pressures continuing to affect the industry, it seems that fund houses are turning to products like capital protection funds to lure investors and to ensure that they stay invested for a longer period.

Question

Make an analysis on mutual funds investment vs stock market investment.

downloaded from StudentSuvidha.com

NOTE : Disclosure of Identity by writing Mobile No. or Marking of passing request on any paper of Answer Sheet will lead to UMC against the Student.

Download all NOTES and PAPERS at StudentSuvidha.com